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Mr. John L. Margowski, Director

STATE VETERANS HOME LOAN LEGISLATION PASSED BY CONGRESS

Legislation authored by Congressman Paul Ryan (R-WI) to preserve the state's veterans home loan program was included in a broader bill passed by Congress today.

"We are extremely pleased that Congressman Ryan has been successful in shepherding this measure through Congress," said Wisconsin Department of Veterans Affairs Secretary John A. Scocos. "It was desperately needed, and he came through for our veterans," said Scocos.

The state program, which relies on federally non-taxable bond proceeds to provide low-cost home loans to veterans, has been hampered by legal restrictions that have prevented issuing new bonds for new loans to veterans.

Federal law has allowed five states, including Alaska, California, Oregon, Texas, and Wisconsin to provide veterans home loans from the proceeds of issuing the tax-exempt Qualified Veteran Mortgage Bonds (QVMBs).

However, qualification restrictions, which required veterans' military service to have begun prior to 1977, prevented most home-buying veterans from being eligible for the program including those who served in Panama, the Gulf War, Somalia, the Balkans, Iraq, and Afghanistan.

"We have been working on this issue with Congress, the other four affected states, and the veterans community for many years," said Scocos. "Today, that unified hard work has paid off," he said.

The new legislation expands the definition of eligibility to all qualifying veterans who are within 25 years of the date of their discharge from military service.

"Our newest returning veterans deserve the opportunity to buy their own home," said Scocos. "This will allow Wisconsin to again offer affordable home loans to our newest returning veterans next year, or perhaps even as early as later this year," he said.

"As we welcome our newest veterans home, I believe that we should really welcome them home - to their own home," said Scocos.

Federal law has also prevented direct refinancing of state veterans home loans. As market interest rates tumbled in recent years, leading to a wave of refinancing with private lenders, the fund's balance fell sharply, threatening the future of the veterans loan program.

The veterans home loan program was kept afloat with the program's dwindling cash reserves, but in a "Stakeholders Conference" sponsored by the department last year, Scocos announced that without changes in the law, the veterans loan program would have to be shut down.

The state is advancing additional sources of financing for the state veterans home loan program.

Ryan's measure received strong bipartisan support, with cosponsors of the original bill including nearly every member of the Wisconsin Congressional delegation, including Representatives Tammy Baldwin (D-WI), Mark Green (R-WI), Ron Kind (D-WI), Gwen Moore (D-WI), Tom Petri (R-WI), and F. James Sensenbrenner (R-WI). A Senate version of the legislation was authored by U.S. Senator Gordon Smith (R-OR), and cosponsored by Wisconsin's two U.S. Senators, Herb Kohl (D-WI) and Russ Feingold (D-WI).

After being signed into law by the President, the new program would be phased in over a five-year period, beginning in 2006 and sunseting in 2010.